

THIRD AMENDMENT
to the
PREMIUM BILLING AND COLLECTION SERVICES CONTRACT
between
KANSAS DEPARTMENT OF HEALTH AND ENVIRONMENT
and
HP ENTERPRISE SERVICES, LLC
for
Extension of Contract Term and Restatement of Costs

The above referenced agreement was entered into by and between the Kansas Health Policy Authority, hereinafter referred to as KHPA, and Electronic Data Systems, LLC, 5400 Legacy Drive, Plano, Texas 75024, hereinafter referred to as EDS. Effective July 1, 2011 the KHPA was transferred to the Department of Health and Environment, as The Division of Health Care Finance, hereinafter referred to as ("KDHE-DHCF"), in accordance with Executive Reorganization Order No. 38, hereinafter referred to as "ERO No. 38," by Governor Sam Brownback on February 4, 2011. EDS was acquired by HP in August of 2008 and as of January 1, 2010 renamed HP Enterprise Services, LLC, 5400 Legacy Drive, Plano, Texas 75024, hereinafter referred to as HPES. This agreement is hereby amended by agreement of the parties.

KDHE has determined it is in the best interest of the State to make certain changes to the agreement as originally agreed upon; and HPES is agreeable to such changes; now in and for consideration of the mutual covenants and agreements contained herein, the parties hereby mutually covenant and agree to amend the original agreement as follows:

1. Extension of Contract:

With this Amendment, the parties hereto agree to extend the existing Premium Billing and Collection Services contract from January 1, 2012 through June 30, 2015.

2. Compensation:

HPES by agreeing to the extension of the Contract in item 1 above, will cap the calendar years Premium Billing and Collection Service payments for calendar years fourteen (14) and fifteen (15) to the rates paid in calendar year thirteen (13) as indicated in Attachment A herein attached.

3. **Cost Sheet:**

HPES agrees to restate the cost sheet for calendar years twelve (12) through fifteen (15) to separate the State Employee Health Plan (SEHP) billing between Direct Bill Retirees and Non-State groups as reflected in Attachment A. The allocation is based on total membership as of October 2011.

4. **Other:**

All remaining terms and conditions of the original agreement and subsequent addenda shall remain the same.

IN WITNESS HEREOF, HPES and KDHE hereto affix their signatures to the Amendment Three.

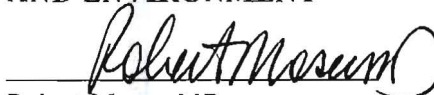
HP ENTERPRISE SERVICES, LLC



Stu Bailey, Vice President,
General Manager
State and Local Healthcare-West

12/2/2011
Date

**KANSAS DEPARTMENT OF HEALTH
AND ENVIRONMENT**



Robert Moser, MD
Secretary

12/20/11
Date

**KANSAS DEPARTMENT OF
ADMINISTRATION**



Chris Howe, Director
Division of Purchases

12/7/11
Date

COST SHEET – Attachment “A”

HP Enterprise Services - Premium Billing and Collection Services

Contract ID: 11162

Updated: November 18, 2011

Task	Description	Calendar Year	SEHP Direct Bill Retirees	SEHP Non-State Groups	HealthWave	Working Healthy	Total
1	Premium Billing Services	CY12	\$104,583.28	\$ 66,864.72	\$ 66,151.00	\$ 10,158.00	\$ 247,757.00
		CY13	\$107,889.48	\$ 68,978.52	\$ 68,242.00	\$ 10,479.00	\$ 255,589.00
		CY14	\$107,889.48	\$ 68,978.52	\$ 68,242.00	\$ 10,479.00	\$ 255,589.00
		CY15	\$ 53,944.74	\$ 34,489.26	\$ 34,121.00	\$ 5,239.50	\$ 127,794.50
2	Collection Services	CY12	\$ 84,307.49	\$ 53,901.51	\$ 57,587.00	\$ 34,552.00	\$ 230,348.00
		CY13	\$ 86,665.14	\$ 55,408.86	\$ 59,198.00	\$ 35,519.00	\$ 236,791.00
		CY14	\$ 86,665.14	\$ 55,408.86	\$ 59,198.00	\$ 35,519.00	\$ 236,791.00
		CY15	\$ 43,332.57	\$ 27,704.43	\$ 29,599.00	\$ 17,759.50	\$ 118,395.50
3	Customer Service and Support	CY12	\$ 60,168.57	\$ 38,468.43	\$ 51,374.00	\$ 55,483.00	\$ 205,494.00
		CY13	\$ 61,789.34	\$ 39,504.66	\$ 52,757.00	\$ 56,978.00	\$ 211,029.00
		CY14	\$ 61,789.34	\$ 39,504.66	\$ 52,757.00	\$ 56,978.00	\$ 211,029.00
		CY15	\$ 30,894.67	\$ 19,752.33	\$ 26,378.50	\$ 28,489.00	\$ 105,514.50
4	Training	CY12	\$ 17,597.28	\$ 11,250.72	\$ 31,068.00	\$ 14,054.00	\$ 73,970.00
		CY13	\$ 18,080.40	\$ 11,559.60	\$ 31,920.00	\$ 14,440.00	\$ 76,000.00
		CY14	\$ 18,080.40	\$ 11,559.60	\$ 31,920.00	\$ 14,440.00	\$ 76,000.00
		CY15	\$ 9,040.20	\$ 5,779.80	\$ 15,960.00	\$ 7,220.00	\$ 38,000.00
5	Other	CY12	\$ 74,071.69	\$ 47,357.31	\$ 46,852.00	\$ 7,194.00	\$ 175,475.00
		CY13	\$ 76,120.07	\$ 48,666.93	\$ 48,148.00	\$ 7,393.00	\$ 180,328.00
		CY14	\$ 76,120.07	\$ 48,666.93	\$ 48,148.00	\$ 7,393.00	\$ 180,328.00
		CY15	\$ 38,060.04	\$ 24,333.47	\$ 24,074.00	\$ 3,696.50	\$ 90,164.00
6	Reports	CY12	\$ 34,054.47	\$ 21,772.53	\$ 21,540.00	\$ 3,308.00	\$ 80,675.00
		CY13	\$ 35,034.74	\$ 22,399.26	\$ 22,160.00	\$ 3,403.00	\$ 82,997.00
		CY14	\$ 35,034.74	\$ 22,399.26	\$ 22,160.00	\$ 3,403.00	\$ 82,997.00
		CY15	\$ 17,517.37	\$ 11,199.63	\$ 11,080.00	\$ 1,701.50	\$ 41,498.50
	Total By Calendar Year	CY12	\$374,782.78	\$239,615.22	\$ 274,572.00	\$ 124,749.00	\$ 1,013,719.00
		CY13	\$385,579.17	\$246,517.83	\$ 282,425.00	\$ 128,212.00	\$ 1,042,734.00
		CY14	\$385,579.17	\$246,517.83	\$ 282,425.00	\$ 128,212.00	\$ 1,042,734.00
		CY15	\$192,789.59	\$123,258.92	\$ 141,212.50	\$ 64,106.00	\$ 521,367.00
	Fixed Monthly Amount	CY12	\$ 31,231.90	\$ 19,967.94	\$ 22,881.00	\$ 10,395.75	\$ 84,476.58
		CY13	\$ 32,131.60	\$ 20,543.15	\$ 23,535.42	\$ 10,684.33	\$ 86,894.50
		CY14	\$ 32,131.60	\$ 20,543.15	\$ 23,535.42	\$ 10,684.33	\$ 86,894.50
		CY15	\$ 16,065.80	\$ 10,271.58	\$ 11,767.71	\$ 5,342.17	\$ 43,447.25

KDHE reserves the right to adjust, reduce or eliminate the need for any of the above items should program or policy change occur or financial commitment become an issue in KDHE's opinion. Any such elimination may occur, in writing, after the Contract award.

In the event a program is eliminated and fixed costs cannot be eliminated, HP reserves the right to reallocate the remaining fixed costs across the remaining programs. The following cost categories from the DHCF price sheet are considered fixed costs which would need to be reallocated to remaining programs based on corresponding member volumes:

Other category – This includes costs such as account management and administrative costs for courier support and our performance bond.

Training Category – This includes costs for 1 Quality Analyst to meet the contractual required performance requirements for quality and training.

Additionally, the following fixed cost items cross multiple cost categories and shall be reallocated to remaining programs’ corresponding cost categories based on member volumes:

- Technical staff identified as 'System Team' on Operations Phase Organization Chart (allocated across the Billing, Collections and Reports categories)
- Monthly minimum charges for HP OpenBill Express and HP Convenience Pay services (allocated across the Billing and Collections categories)
- Data lines (allocated across the Billing and Collections categories)
- Financial/Refunds/Bank Recon Analyst Identified on Operations Phase Organization Chart (allocated across the Billing and Collections categories)
- Base charges for toll-free telephone lines (allocated to Customer Service category)
- Base charges for lockbox services (allocated to Collections category)
- Mailroom staff identified as 'Document Management' on Operations Phase Organization Chart (1 Mailroom clerk is allocated across the Billing and Customer Service categories)

SEHP costs have been allocated as a percentage of total covered SEHP members based on October 2011 membership as follows:

Direct Bill	0.61
Non-State Groups	0.39